

**CITY OF HIALEAH  
EMPLOYEES' RETIREMENT SYSTEM**



**SUMMARY PLAN DESCRIPTION**



# City of Hialeah Employees' Retirement System

## Summary Plan Description

The City of Hialeah Employees Retirement System is a defined benefit pension plan administered by a Board of Trustees. It was created by City Ordinance No. 874 and thereafter amended by City Ordinances pertaining to this System. It is intended to comply with Florida Statute Chapter 112, Chapters 175 and 185, Florida Statutes, "Municipal Firefighters' and Police Officers' Retirement Trust Funds. The current collective bargaining agreements between AFSCME, Local 161, Dade County Police Benevolent Association, IAFF and The City of Hialeah contain provisions which deal directly with pension benefits, and pension benefits are bargaining issues.

The plan year ends on September 30, and records are maintained on a plan year basis.

The Board of Trustees is the Retirement System Administrator. The following individuals are members of the Board of Trustees.

Robert W. Williams, III, Chairman  
Robert W. Williams, Jr., Vice Chairman  
Jonathan A. Martinez, Secretary  
Manuel R. Ferrera  
Javier Collazo  
Julia A. Hidalgo  
Osvaldo Estrada

The Chairman of the Board of Trustees is the agent for the services of legal process. The Board's address is:

City Hall  
501 Palm Avenue  
Hialeah, Florida 33010

A description of the benefits of the System and the sources of funding is attached. Claims for benefits should be filed with the Board of Trustees at the Retirement Office in City Hall. If a claim is denied, you will be notified and informed of the procedure to request a review hearing before the Board of Trustees.

As of September 30, 2014 there were 1,353 retired participants and 48 beneficiaries of deceased participants receiving benefits from the Retirement System. The annual benefits totaled \$51,803,302, an average of \$36,976. Active members totaled 1,091 with an annual payroll of \$62,282,474.

The September 30, 2014 actuarial report indicated that the actuarial present value of accrued benefits was 80.65% funded. A report of the pertinent financial and actuarial information of the solvency and actuarial soundness of the System has been prepared by the Pension Plan's Actuary, Foster & Foster, Inc., and is attached as Exhibit "A".

The actuary concluded that the Retirement System remains in sound actuarial condition.

A copy of the annual audit report is available for inspection at the Retirement Office.

**Employer Contributions.** The City is paying the portion of the cost of the pension plan over and above your contributions. **State contributions.** Monies are paid to the Fund each year by the State pursuant to Chapters 175 and 185, Florida Statutes to be used exclusively for the benefit of firefighters and police officers. Contributions to the System during the year were equal to or greater than the actuarially determined amount needed to comply with the provisions of Chapter 112, Florida Statutes.

**Divorce or Dissolution of Marriage.** In the event of your divorce or dissolution of marriage, you should provide a member of the Board at the Retirement Office in City Hall with the name and address of your attorney or your name and address if you have no attorney. The Board's attorney will then provide you or your attorney with information concerning the legal restrictions regarding your pension benefits. In addition, a copy of any proposed order must be submitted to the Board prior to entry by the court. Failure to do so may require you to pay any expenses incurred by the Board in correcting an improper court order.

**Ex-Spouses as Beneficiary or Joint Pensioner.** The Florida Legislature has adopted Section 732.703, Florida Statutes. This law nullifies the designation of your ex-spouse as a Beneficiary or Joint Annuitant/ Joint Pensioner on your pension plan retirement benefits. This law went into effect on July 1, 2012. After July 1, 2012, if you want your ex-spouse to be a beneficiary or joint annuitant/joint pensioner for your plan benefit, you will have to make that designation AFTER the dissolution of marriage. If you currently have an ex-spouse as a beneficiary or joint annuitant/joint pensioner, and want to keep this designation, you will have to designate the ex-spouse again after July 1, 2012.

To reconfirm your current beneficiary/joint pensioner, or to designate a new beneficiary/joint pensioner, complete an approved designation form available from your plan administrator.

**Forfeiture or Disqualification of Benefits.** If you are convicted of certain felony crimes committed prior to retirement, or if your employment is terminated by reason of your admitted commission, aid or abetment of these crimes, you shall forfeit all rights and benefits under the System, except for the return of your contributions as of the date of your termination.

**Plan Termination.** Upon termination of the Pension Plan by the City Council, or upon receipt of written notice from the City that contributions under the plan are being permanently discontinued the members shall become 100% vested in their accrued benefits. At no time prior to the satisfaction of all liabilities under the plan shall any assets of the Plan be used for any purpose other than for the Members' exclusive benefit. In any event, your contributions to the System are nonforfeitable.



**CITY OF HIALEAH EMPLOYEES RETIREMENT SYSTEM**  
**SUMMARY OF BENEFIT PROVISIONS**  
**(September 30, 2015)**

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**1. Retirement Allowance**

The Member's Retirement Allowance is equal to the sum of the following:

- (1) An Annuity, which is the actuarial equivalent of his Accumulated Member Contributions;
- (2) A Basic Pension, which is equal to \$1,800 (for those Members who have attained their Normal Retirement Age) or \$2,800 (for all other Members) -- Firefighters hired on or after November 15, 2013 and Police Officers hired on or after March 2, 2014 are not eligible for the Basic Pension; and
- (3) A Service Pension, which is equal to 3% of Final Average Compensation multiplied by service up to 25 years (for those Members who have at least 20 years of service and whose age plus service equals at least 70) or 2% of Average Final Compensation multiplied by service up to 30 years (for all other Members). -- For Firefighters hired on or after November 14, 2013 and Police Officers hired on or after March 2, 2014 the age plus service eligibility requirement for full retirement benefits has been increased to 76 points.
- (4) An additional benefit equal to 1.5% of Average Final Compensation for each year of Credited Service that exceeds 25 years, up to a maximum additional benefit of 4.5% of Average Final Compensation. This benefit is available only to Normal Retirees (full benefits) and not to Vested or Deferred Retirees.

Average Final Compensation is your average salary of the 3 highest years of service, which may not necessarily be consecutive, prior to your termination, retirement or death which provides the highest average annual salary. -- See also Section 8 of the Benefit Provisions.

**2. Normal Retirement Age and Allowance**

• **Age**

- (i) Age 50 upon attainment of 10 years of service or any age upon attainment of 20 years of service (for those Members hired prior to January 27, 1970);
- (ii) Age 55 upon attainment of 15 years of service or any age upon attainment of 20 years of service (for those Members hired after January 26, 1970 but prior to January 1, 1974); or
- (iii) Any age with age plus service equal to at least 70 and with at least 20 years of service (for all other Members) -- for Firefighters hired on or after November 14, 2013 and Police Officers hired on or after March 2, 2014 the eligibility requirement for full retirement benefits has been increased to 76 points with at least 20 years of service.

• **Amount**

Retirement Allowance

• **Form of Payment (applicable to the Annuity only)**

- (i) Life annuity (normal form of payment); or
- (ii) Lump sum payment equal to Accumulated Member Contributions (optional).



- **Form of Payment (applicable to the Basic and Service Pensions only)**
  - (i) Five-year certain and life annuity for General employees, and ten-year certain and life annuity for Firefighters and Police Officers (normal form of payment);
  - (ii) Normal form of payment actuarially adjusted to benefit payable during lifetime of member only (optional) (does not apply to General employees);
  - (iii) Normal form of payment actuarially reduced to 50% joint and survivor annuity with the reduced benefit payable upon the death of either the Member or his beneficiary (optional)
  - (iv) Normal form of payment actuarially reduced to 66 $\frac{2}{3}$ % joint and survivor annuity (optional);
  - (v) Normal form of payment actuarially reduced to 75% joint and survivor annuity (optional) (does not apply to General employees);
  - (vi) Normal form of payment actuarially reduced 100% joint and survivor annuity (optional); Normal form of payment actuarially reduced 100% joint and survivor annuity with spouse as beneficiary and with a “pop-up” feature. A “pop-up” benefit increases to the amount of the unreduced pension upon the death of the beneficiary. (optional).
- 3. **Early Retirement Eligibility and Allowance**
  - **Age**

Age 55 with at least 10 years of service for General employees, and age 50 with at least 10 years of service for Firefighters and Police Officers.
  - **Amount**

100% of the Member’s Annuity. In addition, for General employees, the member’s Basic and Service Pensions multiplied by his Vested Interest, payable at age 55. Firefighters and Police Officers can commence their early retirement benefit at age 50 with a 3% per year reduction from normal retirement.
  - **Form of Payment**

Same as for Normal Retirement
- 4. **Disability Retirement Eligibility and Allowance**
  - **Condition**

The Member must be totally and permanently incapacitated for duty in his classified position as an employee of the City, as determined by both the Board of Trustees and by a medical committee consisting of one doctor appointed by the Board of Trustees and one doctor selected by the Member.
  - **Amount**

The members accrued Retirement Allowance and, for Firefighters and Police Officers subject to a minimum of:

    - 25% of Average Final Compensation, for non-duty disability, after 10 years of service, and
    - 42% of Average Final Compensation, for duty related disability, with no service requirement.

- **Form of Payment**

Same as for Normal Retirement

5. **Deferred Retirement (Vested) Eligibility and Allowance**

- **Age**

Any age with at least 10 years of service

- **Amount**

100% of the Member's Annuity. In addition, for General employees, the member's Basic and Service Pensions multiplied by his Vested Interest, payable at age 55. Firefighters and Police Officers can commence their vested benefit at age 50 with a 3% per year reduction from normal retirement. -- For Firefighters hired on or after November 14, 2013 and Police Officers hired on or after March 2, 2014 the Annuity will be payable at age 59 1/2.

- **Form of Payment**

Same as for Normal Retirement

6. **Pre-Retirement Death Benefit**

In the case of the death of a General employee Member prior to retirement, his beneficiary will receive a five-year certain annuity determined as if the Member had retired on the day before his death and elected a five-year certain and life annuity. In lieu of this five-year certain annuity, the beneficiary of the General employee may elect to receive ½ of the same amount payable over a ten-year period. For Firefighters and Police Officers, the Member's vested accrued benefit deferred to early (reduced) or normal retirement and payable for a minimum of 10 years. Alternatively, if the Member had attained his Normal or Early Retirement Age and had elected an optional form of payment, then his spouse will receive benefits as dictated by the option elected.

7. **Vested Interest**

A General employee Member earns a Vested Interest in his Basic and Service Pensions in accordance with the following schedule. Firefighters and Police Officer Members earn a 100% Vested Interest with 10 years of service.

Years of Service	Vested Interest
Less than 10	0%
10	70%
11	73%
12	76%
13	79%
14	82%
15	85%
16	88%
17	91%
18	94%
19	97%
20 or more	100%



**8. Average Final Compensation**

Average compensation for the highest three years of service (not necessarily consecutive), where compensation includes base salary plus any longevity or special assignment pay and any pay received in connection with Florida's law enforcement special incentive program or Firefighters supplemental compensation program.

**9. Membership Requirements**

All classified employees of the City of Hialeah, Florida participate in the plan, including: (1) all full-time employees (except as provided by law), and (2) those part-time employees working 22½ hours or more per week who elect to participate after one year of continuous employment. Membership does not include any person whose services are compensated on a fee or contractual basis, the Board of Trustees' medical committee, elected or appointed officials who are not in classified service, and persons employed on a temporary or provisional basis for less than nine months.

Effective April 1, 2012, the Plan is closed to new general employee members hired on or after April 1, 2012. New general employees will instead participate in a defined contribution plan.

**10. Accumulated Member Contributions**

The Accumulated Member Contributions are the Member's Contributions accumulated with interest at the annual rates established by the Board of Trustees. Prior to the 1995/1996 plan year, interest was credited at the annual yield on the actuarial value of assets. Beginning with the 1995/1996 plan year, interest will be credited at the arithmetic average of the annual yields on the market value of assets for the preceding five years. Interest is credited each September 30 on the balance of the Accumulated Member Contributions as of the preceding October 1 as well as on additional Member Contributions made during the plan year. Members may borrow against their Accumulated Member Contributions as of the preceding October 1, subject to the restrictions set forth in the law.

**11. Member Contributions**

- (1) All members must contribute 7% of compensation per year into the Annuity Savings Fund (with the exception that they may redirect some of these contributions to satisfy the additional requirements that follow).
- (2) All members who were not eligible for Normal Retirement on May 30, 2014 will also be required to make the following additional contribution towards the pension portion of the Plan (to help offset the City's funding requirements)

- a. Non-Police Officers and Firefighters:

4.0% of pensionable compensation from October 1, 2014 forward, except that:

- This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.
- This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.

b. Firefighters:

4.0% of pensionable compensation from October 1, 2014 forward, except that:

- This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.
- This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.

c. Police Officers:

4.0% of pensionable compensation from October 1, 2014 forward, except that:

- This will drop to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100%.
- This will drop to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.

If a Police Officer or Firefighter terminates employment before they are vested, then they will receive a refund of these additional contributions. Non-Police Officers and Firefighters will not receive a refund of these contributions.

**12. Share Plan Contributions**

Effective with the year beginning October 1, 2005, the Firefighters' and Police Officers' share plans will make contributions to fund the cost of the minimum benefits under Chapter 99-1, Florida Statutes.

**13. Cost-of-Living Adjustment**

Members (including participants in the DROP and excluding beneficiaries and those Members who are receiving a Deferred Retirement Allowance) receive an automatic level 2% cost-of-living adjustment in their Basic and Service Pensions as of each anniversary of the date on which their retirement benefit commenced, beginning with the later of their first anniversary of retirement or the first of the month following their 52nd birthday and limited to 10 such increases (for a total increase of 20%). Police Officers hired on or after March 2, 2014, receive a 1.0% level automatic cost-of-living adjustment in the Service Pensions as of each anniversary of the date on which their retirement benefit commenced, beginning with the later of their first anniversary of retirement or the first of the month following their 52nd birthday and limited to 10 such increases. Firefighters hired on or after November 15, 2013, receive a 1.0% level automatic cost-of-living adjustment in the Service Pensions as of each anniversary of the date on which their retirement benefit commenced, beginning with the later of their first anniversary of retirement or the first of the month following their 52nd birthday and limited to 10 such increases.



**14. Deferred Retirement Option Program**

Effective March 1, 2007, Police Officers and Firefighters are eligible to participate in a Deferred Retirement Option Program (DROP) upon the completion of 25 years of membership service credit provided that the sum of the member's age and service is equal to at least 70. -- For Firefighters hired on or after November 14, 2013 and Police Officers hired on or after March 2, 2014 the age plus service eligibility requirement for full retirement benefits has been increased to 76 points. The member's monthly retirement benefit (basic plus service pension), based on final average earnings and service upon entering the DROP, will be paid to the member's DROP account. At the end of each fiscal year, interest will be credited to the DROP account at the same rate credited to the annuity savings account.

Member contributions cease upon entering the DROP and the member shall be ineligible for disability benefits provided by the System. Upon termination of employment or death, the DROP account balance will be paid in a cash lump sum. The maximum period of participation in the DROP is 36 months and members cannot buy service in order to be eligible for the DROP.

General employees who are members of the retirement system are prohibited from entering the DROP on or after April 2, 2012

**15. Plan Effective Date**

The plan was initially effective on January 1, 1956.

**CLAIMS PROCEDURE:** Claims for benefits should be filed with the Board of Trustees at the Retirement System office. If a claim is denied, you will be notified and informed of the procedure to request a hearing before the Board of Trustees.

The preceding summary briefly describes the principal benefits of the Retirement System. Detailed benefit conditions and limitations are contained in the Pension Ordinance which established the System. Interpretations of the Ordinance are made by the Board of Trustees. The Ordinance and board interpretations govern the operation of the System and should be consulted before you take any action concerning your participation or benefits. Copies and consultation are available at the Plan Administrator's office.

Exhibit "A"

Pertinent Financial and Actuarial information of the solvency  
and actuarial soundness of the System



# City of Hialeah Employees Retirement System Accounting

## REVENUES AND EXPENDITURES

	Year Ended September 30, 2014	Year Ended September 30, 2013
<b>REVENUES:</b>		
a. Member contributions	\$6,833,490	\$5,299,726
b. City contributions	29,225,643	21,397,207
c. Share Plan Contribution	461,877	461,877
d. Investment income		
1. Investment earnings	14,419,136	13,255,643
2. Net appreciation (depreciation) in fair value of investments	<u>45,619,892</u>	<u>57,278,793</u>
e. Total revenues	\$96,560,038	\$97,693,246
<b>EXPENDITURES:</b>		
a. Refunds of member contributions	\$7,145,138	\$8,635,105
b. Benefits paid	49,111,639	45,349,135
c. DROP benefits	7,042,727	3,664,000
c. Administrative expenses	0	0
d. Investment expenses	<u>1,336,926</u>	<u>1,230,397</u>
e. Total expenditures	\$64,636,430	\$58,878,637
<b>RESERVE INCREASE:</b>		
Total revenues minus total expenditures	\$31,923,608	\$38,814,609

## SUMMARY OF MARKET VALUE OF ASSETS

	Year Ended September 30, 2014	Year Ended September 30, 2013
Cash and short term investments	\$105,459,444	\$133,119,789
Receivables and accruals	21,584,425	3,476,417
U.S. Treasury bonds and notes	54,484,730	41,545,334
U.S. Government securities	8,973,040	12,281,629
Asset backed securities	1,805,058	10,432,396
Mortgage backed securities	64,234,820	49,342,556
Corporate bonds and notes	93,898,297	80,323,066
Real Estate Investment Trust	973,780	12,869,400
Limited Partnership	10,909,271	993,252
Mutual Funds	6,443,087	9,929,594
Municipal Bonds	22,254,667	956,060
Common Stocks	304,311,251	341,750,745
Other - Loans to Members	10,130,193	9,861,175
Payables	<u>-107,137,917</u>	<u>-140,480,875</u>
Total Assets	\$598,324,146	\$566,400,538

\* A copy of the annual audit report is available for inspection in the Retirement Office.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS  
Total Plan

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	1,091	1,113
Service Retirees	1,118	1,091
DROP Retirees	42	43
Beneficiaries	48	35
Terminated Vested	103	97
Disability Retirees	193	196
Total	<u>2,595</u>	<u>2,575</u>
Total Annual Payroll	\$62,282,474	\$61,461,027
Payroll Under Assumed Ret. Age	61,751,067	61,172,102
Annual Rate of Payments to:		
Service Retirees	42,505,067	40,964,013
DROP Retirees	2,913,962	3,010,947
Beneficiaries	920,329	850,525
Terminated Vested	1,125,662	1,012,002
Disability Retirees	5,463,944	5,443,558
B. Assets		
Actuarial Value <sup>1 3</sup>	563,602,386	575,386,251
Market Value <sup>1 3</sup>	598,399,504	608,537,493
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	238,990,639	228,724,594
Disability Benefits	13,520,600	13,435,804
Death Benefits	2,546,338	2,543,912
Vested Benefits	17,115,152	17,059,997
Refund of Contributions	140,129	76,270
Service Retirees	434,960,608	424,051,244
DROP Retirees <sup>1</sup>	40,489,868	46,624,008
Beneficiaries	5,742,077	5,855,535
Terminated Vested	6,724,949	6,200,977
Disability Retirees	42,011,501	42,470,495
Annuity Savings <sup>3</sup>	65,975,171	99,658,059
Total	<u>868,217,032</u>	<u>886,700,895</u>



Total Plan

C. Liabilities - (Continued)	<u>10/1/2014</u>	<u>10/1/2013</u>
Present Value of Future Salaries	455,464,730	459,829,768
Normal Cost (Entry Age Normal)		
Retirement Benefits	7,224,262	7,153,104
Disability Benefits	821,217	814,080
Death Benefits	100,452	101,128
Vested Benefits	950,196	905,911
Refund of Contributions	8,037	8,556
Total Normal Cost	<u>9,104,164</u>	<u>8,982,779</u>
Present Value of Future Normal Costs	71,169,522	71,780,476
Actuarial Accrued Liability		
Retirement Benefits	182,738,761	171,756,346
Disability Benefits	7,211,144	7,038,533
Death Benefits	1,769,836	1,742,486
Vested Benefits	9,347,500	9,496,899
Refund of Contributions	76,095	25,837
Inactives <sup>1</sup>	529,929,003	525,202,259
Annuity Savings	65,975,171	99,658,059
Total Actuarial Accrued Liability	<u>797,047,510</u>	<u>814,920,419</u>
Unfunded Actuarial Accrued Liability	233,445,124	239,534,168
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives <sup>1</sup>	529,929,003	525,202,259
Actives	101,052,156	89,589,333
Member Contributions *	65,975,171	99,658,059
Total	<u>696,956,330</u>	<u>714,449,651</u>
Non-vested Accrued Benefits	<u>45,025,346</u>	<u>45,478,494</u>
Total Present Value Accrued Benefits	741,981,676	759,928,145
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	932,798	
New Accrued Benefits	25,752,386	
Benefits Paid	(63,299,504)	
Interest	58,262,271	
Other	(39,594,420) *	
Total:	<u>(17,946,469)</u>	

\* 10/1/14 Excludes Annuity Savings Reserve to match Audit.

Total Plan		
Valuation Date	10/1/2014	10/1/2013
Applicable to Fiscal Year Ending	<u>9/30/2016</u>	<u>9/30/2015</u>
E. Pension Cost		
Normal Cost <sup>2</sup>	\$10,023,509	\$9,889,866
% of Total Annual Payroll	16.23	16.17
Administrative Expense <sup>2</sup>	-	-
% of Total Annual Payroll	0.00	0.00
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years <sup>2</sup> (as of 10/1/2014)	18,643,357	18,452,463
% of Total Annual Payroll	30.19	30.16
Total Required Contribution	28,666,866	28,342,329
% of Total Annual Payroll	46.42	46.33
Expected Member Contributions	2,189,403	2,229,590
% of Total Annual Payroll	3.55	3.64
Expected City & Share Contribution	26,477,463	26,112,739
% of Total Annual Payroll	42.87	42.69
F. Past Contributions		
Plan Years Ending:	<u>9/30/2014</u>	
Total Required Contribution	27,818,225	
City and Share Requirement	26,231,130	
Actual Contributions Made:		
Members	6,813,490	
City	25,769,253	
Share Plan	461,877	
Total	<u>33,044,620</u>	
G. Net Actuarial Gain (Loss)	8,160,689	

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances.

<sup>2</sup> Contributions developed as of 10/1/2014 are adjusted for 15 months of interest.

<sup>3</sup> The Asset and Annuity Savings values include \$75,358 expected buy back contribution from Mr. Rodriguez.



COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS  
Police Officers & Firefighters

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	513	504
Service Retirees	419	410
DROP Retirees	35	35
Beneficiaries	14	13
Terminated Vested	36	33
Disability Retirees	124	125
Total	<u>1,141</u>	<u>1,120</u>
Total Annual Payroll	\$37,537,514	36,923,650
Payroll Under Assumed Ret. Age	37,298,428	36,783,230
Annual Rate of Payments to:		
Service Retirees	20,615,578	19,844,678
DROP Retirees	2,536,077	2,528,262
Beneficiaries	325,573	401,468
Terminated Vested	493,058	412,961
Disability Retirees	4,294,058	4,250,305
B. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	162,551,959	157,457,252
Disability Benefits	10,202,270	10,220,601
Death Benefits	1,806,441	1,821,195
Vested Benefits	10,267,196	10,220,864
Refund of Contributions	140,129	76,270
Service Retirees	217,185,639	211,025,887
DROP Retirees <sup>1</sup>	35,292,319	38,310,722
Beneficiaries	2,173,612	2,570,295
Terminated Vested	2,471,014	2,045,819
Disability Retirees	33,200,905	33,484,967
Annuity Savings <sup>2</sup>	42,783,092	64,625,522
Total	<u>518,074,576</u>	<u>531,859,394</u>

<sup>1</sup> Includes accumulated DROP balances.

Police Officers & Firefighters

	<u>10/1/2014</u>	<u>10/1/2013</u>
B. Liabilities - (Continued)		
Present Value of Future Salaries	278,057,878	281,263,616
Normal Cost (Entry Age Normal)		
Retirement Benefits	4,839,829	4,780,453
Disability Benefits	641,878	631,270
Death Benefits	72,936	73,187
Vested Benefits	588,900	557,143
Refund of Contributions	8,037	8,556
Total Normal Cost	<u>6,151,580</u>	<u>6,050,609</u>
Present Value of Future Normal Costs	48,293,408	48,789,165
Actuarial Accrued Liability		
Retirement Benefits	124,594,063	118,885,205
Disability Benefits	5,191,603	5,154,708
Death Benefits	1,237,382	1,233,318
Vested Benefits	5,575,444	5,707,949
Refund of Contributions	76,095	25,837
Inactives	290,323,489	287,437,690
ASF Member Contributions <sup>2</sup>	42,783,092	64,625,522
Total Actuarial Accrued Liability	<u>469,781,168</u>	<u>483,070,229</u>

<sup>2</sup> Last year we added the Annuity Savings Reserve (attributable to inactive Members) to the Assets and Liabilities. This year it is subtracted from both to match Audit.



COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS  
General Employees

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	578	609
Service Retirees	699	681
DROP Retirees	7	8
Beneficiaries	34	22
Terminated Vested	67	64
Disability Retirees	69	71
Total	<u>1,454</u>	<u>1,455</u>
Total Annual Payroll	\$24,744,960	\$24,537,377
Payroll Under Assumed Ret. Age	24,452,639	24,388,872
Annual Rate of Payments to:		
Service Retirees	21,889,489	21,119,335
DROP Retirees	377,885	482,685
Beneficiaries	594,756	449,057
Terminated Vested	632,604	599,041
Disability Retirees	1,169,886	1,193,253
B. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	76,438,680	71,267,342
Disability Benefits	3,318,330	3,215,203
Death Benefits	739,897	722,717
Vested Benefits	6,847,956	6,839,133
Refund of Contributions	0	0
Service Retirees	217,774,969	213,025,357
DROP Retirees <sup>1</sup>	5,197,549	8,313,286
Beneficiaries	3,568,465	3,285,240
Terminated Vested	4,253,935	4,155,158
Disability Retirees	8,810,596	8,985,528
Annuity Savings <sup>2</sup>	23,192,080	35,032,537
Total	<u>350,142,456</u>	<u>354,841,501</u>

<sup>1</sup> Includes accumulated DROP balances.

General Employees

	<u>10/1/2014</u>	<u>10/1/2013</u>
B. Liabilities - (Continued)		
Present Value of Future Salaries	177,406,852	178,566,152
Normal Cost (Entry Age Normal)		
Retirement Benefits	2,384,433	2,372,651
Disability Benefits	179,339	182,810
Death Benefits	27,516	27,941
Vested Benefits	361,296	348,768
Refund of Contributions	0	0
Total Normal Cost	<u>2,952,584</u>	<u>2,932,170</u>
Present Value of Future Normal Costs	22,876,114	22,991,311
Actuarial Accrued Liability		
Retirement Benefits	58,144,698	52,871,141
Disability Benefits	2,019,541	1,883,825
Death Benefits	532,454	509,168
Vested Benefits	3,772,056	3,788,950
Refund of Contributions	0	0
Inactives	239,605,514	237,764,569
ASF Member Contributions <sup>2</sup>	23,192,080	35,032,537
Total Actuarial Accrued Liability	<u>327,266,342</u>	<u>331,850,190</u>

<sup>2</sup> Last year we added the Annuity Savings Reserve (attributable to inactive Members) to the Assets and Liabilities. This year it is subtracted from both to match Audit.







## MEMORANDUM

**TO:** All Pension Clients

**FROM:** Klausner, Kaufman, Jensen & Levinson

**Re:** Changes in Tax Rules for Alimony

**Date:** April 2, 2019

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In response to tax law changes/reform, commonly referred to as the Tax Cuts and Jobs Act (TCJA), the Internal Revenue Service has issued the following:

### **IRS Publication 5307 (Rev. 10-2018)**

#### **Tax Reform, Basics for Individuals and Families**

##### **"Repeal of deduction for alimony payments"**

Alimony and separate maintenance payments are no longer deductible for any divorce or separation agreement executed after December 31, 2018, or for any divorce or separation agreement executed on or before December 31, 2018, and modified after that date. Further, alimony and separate maintenance payments are no longer included in income based on these dates, so you won't need to report these payments on your tax return if the payments are based on a divorce or separation agreement executed or modified after December 31, 2018.

WHAT'S NEXT FOR TAX YEAR 2019? ... divorce or separation agreements executed or modified after Dec 31, 2018 providing alimony will have different tax consequences. The alimony payments will not be deductible for the spouse who makes alimony payments and they will not be included in the income of the receiving spouse."



Due to the tax law change, effective January 2019, we strongly recommend adding the following language to Plan Summary Plan Descriptions (SPD's) and posting on the website for members' information:

**Tax Cuts and Jobs Act Alters Tax Rules for Alimony**

Effective January 1, 2019, changes in the federal income tax laws have eliminated tax deductions for alimony if the marriage was dissolved or a property settlement was made on or after January 1, 2019. This also includes any modification to an existing order or agreement if the modification is made on or after January 1, 2019. This means that income deduction orders which require alimony payments to a former spouse will be income to the member. Dissolutions of marriage orders or separation agreements entered on or before December 31, 2018 will remain under the prior rule. Members who are involved in a dissolution of marriage proceeding are strongly encouraged to consult a qualified tax advisor concerning the impact of both alimony and equitable division of marital property on the member's federal income tax obligations. The Pension Fund Board of Trustees and staff CANNOT provide individual tax advice.

Note that it is not the duty of plans to give individual tax advice and this memo is not intended to provide individualized tax advice to any members. As always, our office is available to answer any questions.



